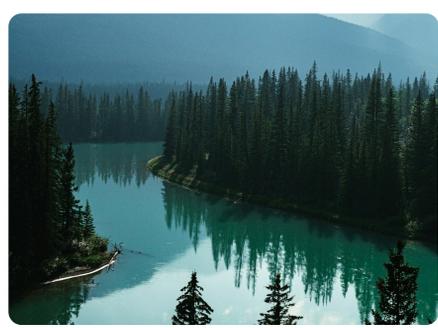


How to Simplify California Climate Compliance: SB 253 & 261 Made Easy

Your trusted partner in navigating California's evolving climate reporting rules



New CARB FAQs Released on SB 253 & SB 261

The California Air Resources Board (CARB) released a long-awaited FAQ clarifying the implementation of SB 253 and SB 261. These landmark climate disclosure laws, passed in 2023, require large companies doing business in California to report both emissions (SB 253) and climate-related financial risks (SB 261).

The new FAQs outline CARB's expectations and timelines—providing welcome direction, but also confirming that complexity and compliance risk remain high.

Summary of Key Requirements

SB 261 – Climate-Related Financial Risk Disclosure

Who's covered?
U.S. companies (excluding insurers) with **\$500M+ in annual revenue** doing business in California.

What's required?
Public disclosure of material climate-related financial risks and mitigation measures, in the form of biennial reports.

Key deadlines:

- First reports due **January 1, 2026**
- Can cover either **FY 2023–2024 or FY 2024–2025**
- Companies must submit a public link to their reports on CARB's public docket, which will be open from **December 1, 2025, to July 1, 2026.**

Framework flexibility:
Companies may choose a reporting standard (TCFD or IFRS S2), provided materiality is defined in line with financial reporting norms. Namely, frameworks cover four key pillars: Governance, Strategy, Risk Management, and Metrics&Targets.

SB 253 – GHG Emissions Disclosure

Who's covered?
U.S. companies with **\$1B+ in annual revenue** doing business in California.

What's required?

- Scope 1 & 2 GHG emissions reported in **2026** (for the **2025 fiscal year**) with **third-party limited assurance**
- Scope 3 emissions reporting begins in **2027** (for the **2026 fiscal year**), with **reasonable assurance required by 2030**. Limited assurance for Scope 3 emissions may also be required by 2027 if feasible.

Key deadlines:
There is a proposal for a June 30th 2026 deadline for the 2025 Scope 1&2 reports under SB253. The publication of more precise rules was delayed to Q1 2026

SB 253 Penalties:
⚠️ \$500,000/year

SB 261 Penalties:
⚠️ \$50,000/year

Enforcement: Focus on Good Faith Compliance (for now)

CARB emphasized that enforcement in the initial year (2026) will be based on whether companies make a good faith effort to comply using the best available information. However, penalties of up to \$500,000/year (SB 253) and \$50,000/year (SB 261) are on the table for non-compliance.

“Doing Business in California” – Broadly Defined



- If your company:
- ✓ Is **organized or domiciled** in California
 - ✓ **Conducts any business activity for profit** in California, or
 - ✓ Has **sales, property, or payroll** exceeding Franchise Tax Board **thresholds...**
- ...you're likely in scope. CARB is also exploring how parent companies outside of California with in-state subsidiaries may fall under these laws.

How Greenly Helps You Stay Ahead

Greenly is your full-service partner for climate disclosure across SB 253, SB 261, and beyond. Our solution is natively aligned with TCFD and IFRS S2, ensuring fast-track compliance with California's new mandates.

Fully compliant GHG emissions reporting for Scopes 1, 2, and 3—automated and audit-ready

- Sustainable Procurement
- Decarbonization Strategy
- SBTI Compliance
- GHG Assessment**
- Life Cycle Analysis

EcoPilot: Our Generative AI and other automated tools to streamline compliance

- Automated data collection and gap analysis
- AI-powered ESG report generation & auto-fill
- Integration of GHG report directly in TCFD/IFRS reporting
- AI-powered chatbot, with human Expert support

Ask me anything!

Compliance with a wide range of standards (GHG Protocol, TCFD/IFRS S2, Climate Scenario Analysis...)

Scenario-based modeling of transition and physical risks using IPCC, NGFS, and IEA data

Export-ready reports for stakeholders, investors, or CARB

Expert support from onboarding to assurance

Greenly's ESG platform connects **data collection, climate strategy, and regulatory reporting in one seamless flow**—reducing time, cost, and stress.



Why Act Now?

Early action = reduced compliance risk, investor confidence, and a competitive edge.

Delayed response = reputational damage, financial penalties, and missed opportunities for climate leadership.

Let Greenly take the weight off your shoulders.

Whether you're starting your climate journey or scaling your ESG strategy, Greenly ensures your SB 253 & SB 261 disclosures are **timely, intuitive, and bulletproof.**

